

Computing Your Retirement Benefit

A member's retirement benefit is calculated based on a retirement formula. The member must be age 62 or older to receive a retirement benefit. The retirement benefit cannot exceed 80% of the Average Final Salary.

The factors used in calculating this benefit include:

1. **Average Final Salary:** The average of the highest five fiscal years (October - September) out of the last 10 fiscal years the member made contributions. Partial years are included when calculating the average final salary.
2. **Years and Months of Creditable Service:** The total amount of creditable service to include membership service, prior service, purchased service and transfer service.
3. **Benefit Factor:** The current benefit factor, as established by the State Legislature, is 1.65%.*

Retirement Formula for Maximum Monthly Benefit

$$\text{Average Final Salary} \times \text{Years and Months of Service} \times \text{Benefit Factor} \div 12 = \text{Maximum Monthly Benefit}$$

Example: Average Final Salary: \$35,000
Service Credit: 27 years and 6 months

$$\$35,000 \times 27.5 \times .0165 \div 12 = \$1,323.44 \text{ per month}$$

The member also has four options to choose from that are a reduction from the Maximum Monthly Benefit.

*2.375% for State Police

State Police Only

Example: Average Final Salary: \$35,000
Service Credit: 27 years and 6 months

$$\$35,000 \times 27.5 \times .02375 \div 12 = \$1,904.95 \text{ per month}$$

A member also has four options to choose from that are a reduction from the Maximum Monthly Benefit.

Split Service Calculation

If a member has service that is credited in the ERS in a classification other than State Police, the monthly retirement benefit is calculated as follows:

$$\text{Average Final Salary} \times \text{Years and Months of State Police Service} \times .02375 \text{ (State Police Benefit Factor)} \div 12$$

Plus

Average Final Salary x Years and Months of Regular Service x .0165 (Regular Benefit Factor) ÷ 12

Important: When a member submits a retirement application, the staff calculates the monthly benefit under the Maximum Monthly Benefit and the Optional Monthly Benefits. The ERS mails this information to the retiring member, along with the RETIREMENT BENEFIT OPTION SELECTION AND TAX FORM PACKET PART II. This packet includes the RETIREMENT BENEFIT SELECTION form, WITHHOLDING CERTIFICATE FOR PENSION OR ANNUITY PAYMENTS, and POSTRETIREMENT EMPLOYMENT INFORMATION.

If no election of an option is made prior to the effective date of retirement, the law specifies that the member will receive the Maximum Monthly Benefit retirement allowance.